



Headquarters Policy Flash

FLASH 2002-35

DATE: November 8, 2002
TO: Procurement Directors
FROM: Office of Procurement and Assistance Policy, ME-61
Office of Procurement and Assistance Management

SUBJECT: **Revisions to Department of Energy (DOE) Acquisition Guide
Chapter 71, Part 2, "Performance-Based Incentives and Related
Approvals"**

SUMMARY: DOE Acquisition Guide, Chapter 71, Part 2. "Past Performance-Based Incentives and Related Approvals," provides guidance on review and approval of Performance-Based contracting actions, and identifies the associated responsibilities of Headquarters and Field elements.



FLASH 2002-35
November 8, 2002

As part of its continuing review of the Department's performance-based major site and facility management contracts, the Office of Inspector General has made recent recommendations (under IG Audit Report #CR-B-01-01, dated May 2001, and IG Audit Report #0510, dated July 2001) regarding the evaluation, analysis, and negotiation of fee and performance-based incentives.

Those recommendations have been incorporated into the Acquisition Guide. Specifically, the Guide has been amended to include among the duties of Heads of Contracting Activity (HCA), or for the National Nuclear Security Administration (NNSA) the HCA or designees, the responsibilities to:

- ☛ ensure, to the extent appropriate, that incentives are structured in a manner that will improve contractor performance;
- ☛ in accordance with procedures of the applicable Headquarters Program office or NNSA, ensure Headquarters Program office review, coordination and approval as appropriate, of performance-based incentives and Performance Evaluation and Measurement Plans or a similar document;
- ☛ ensure that the impact of year-to-year changes to operating conditions and/or performance metrics, to the extent appropriate, are evaluated, considered, and adequately supported through documentation in the negotiation of available fee; and
- ☛ establish documentation requirements sufficient to support the evaluation, and negotiation of and, to the extent applicable, changes to performance-based requirements, objectives, measures and incentives.

Questions concerning this Acquisition Guide Chapter should be addressed to Jim Tower at (202) 586-4294 or via e-mail at jim.tower@pr.doe.gov.


Gwendolyn S. Cowan
Director

cc: PPAG Members

Attachment